UNITED NATIONS

A

General Assembly

Distr.
GENERAL

A/AC.109/1137
2 March 1993

ORIGINAL: ENGLISH

SPECIAL COMMITTEE ON THE SITUATION WITH REGARD TO THE IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND PEOPLES

MONTSERRAT

Working paper prepared by the Secretariat

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MONTSERRAT 1/

I. GENERAL

1. Montserrat is situated in the Leeward Islands in the eastern Caribbean, 43 kilometres south-west of Antigua and 64 kilometres north-west of the French Overseas Department of Guadaloupe. It has a maximum length of 18 kilometres and a maximum width of 11 kilometres and covers an area of 103 square kilometres. The capital of Montserrat is Plymouth.

2. The Territory, which is in the hurricane zone, was struck by hurricane Hugo on 17 September 1989, causing severe damage to the economic and social infrastructure. Emergency and rehabilitation assistance, mainly from the United Kingdom of Great Britain and Northern Ireland, regional and international agencies, and local relief efforts have since contributed to bringing in some degree of economic recovery.

3. Montserrat is mountainous and of volcanic formation. There are three ranges - the highest point being Chance Mountain, which is 914 metres. On 9 August 1992, a series of tremors was recorded in the Territory, one of which measured 3.3 on the Richter scale and was classified as an earthquake. The activity was registered by seismic instruments which have been installed locally and are constantly monitored by the University of the West Indies Seismic Research Unit, located on Trinidad and Tobago. No damage was reported in connection with the earthquake. In a statement delivered on 16 September 1992 to a workshop on Hurricane Resistant Techniques, the Deputy Chief Minister and Minister for Communications and Works noted that several earthquakes occurred in the region annually, most of which caused no damage. In 1935, however, a major earthquake caused extensive damage to Montserrat followed by other earthquakes in the 1970s and 1980s which also caused some damage. 2/

II. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution

4. The Territory is administered under the Montserrat Constitution Order of 1989 which came into force in 1990. The Constitution provides for a Governor appointed by Her Majesty the Queen; an Executive Council, comprising the Governor as President, the Chief Minister, three other ministers and two ex officio members (the Attorney-General and the Financial Secretary); and a Legislative Council, comprising a Speaker, two ex officio members (the Attorney-General and the Financial Secretary), seven elected members returned from single-member constituencies on the basis of universal adult suffrage and two nominated members.

5. Ministerial responsibilities cover all areas of government business with the exception of external affairs, internal security, defence, the public service, international financial services and areas for which the Governor is responsible. Following a survey of offshore financial services in the British dependent Territories undertaken by the United Kingdom Government in 1990, the

special responsibilities of the Governor were extended to cover international financial services.

6. During the Governor's absence, the Speaker of the Legislative Council acts as Governor.

7. A Magistrates' Court, presided over by a Resident Magistrate, is situated at Plymouth. The functions of Registrar General, Registrar to the High Court and Deputy Registrar to the Court of Appeal are performed by an officer holding the post of Registrar who also acts for the Magistrate during his absence.

8. The Eastern Caribbean States Supreme Court (Montserrat) Ordinance, 1968, created the High Court and Court of Appeal. Appeals to Her Majesty's Privy Council are governed by the Montserrat (Appeals to Privy Council) Order, 1967. A judge of the High Court visits Montserrat thrice each year to hold assizes, and an Appeal Court Justice visits twice each year.

9. The Attorney-General is the Public Prosecutor, and these powers are vested in him to the exclusion of any other person. There are several locally appointed justices of the peace with limited powers of summary jurisdiction.

B. Political parties and elections

10. There are three political parties in the Territory.

11. General elections for the seven elected seats in the Legislative Council were held on 8 October 1991, one year earlier than scheduled. The elections were contested by 26 candidates, mainly from three political parties: the People's Liberation Movement (PLM), the National Development Party (NDP) and the newly established National Progressive Party (NPP). In the final count, NPP won four of the seven elected seats, PLM and NDP won one seat each and an independent candidate won the seventh seat.

12. On 10 November 1992, a motion of no confidence in the Government was defeated in the Legislative Council by four votes to two with one abstention. The motion, which was introduced by the independent member, made reference to the critical economic conditions in the Territory, the apparent inability of the ruling NPP Government to solve the problem, and the integrity of the Chief Minister who was involved in a stolen car case in the United Kingdom. 3/

C. Future status of the Territory

13. The position of the territorial Government up to November 1991 regarding the future political status of the Territory is contained in the previous working paper prepared by the Secretariat (A/AC.109/1101, paras. 15-21). In summary, the territorial Government considered independence to be both inevitable and desirable but should be preceded by economic and financial viability sufficient to sustain Montserrat as an independent State. Independence would be sought without the support of the majority of the people. The ruling NPP has indicated that although it considered independence to be inevitable, it would adopt a gradual approach in preparing the people of

Montserrat for independence. It was also committed to promoting a more positive role for Montserrat in regional integration.

14. According to press reports, 4/ the Chief Minister stated, inter alia, that independence was an emotive issue with significant economic and social implications, and that the Territory needed to move towards it in a gradual and planned manner through the Organization of Eastern Caribbean States (OECS) and the wider Caribbean Community (CARICOM). The Chief Minister stressed that independence was not a priority and that the Territory should not be forced into it; as the Territory became more economically self-reliant, it would then be in a position to move towards independence.

15. The Chief Minister expressed the preference of his Government for independence within an OECS political union, and noted that Montserrat was part of an ongoing process towards political unity among the Eastern Caribbean States. 4/

16. In November 1992, the Chief Minister of Montserrat met with the Chief Ministers of Anguilla, the British Virgin Islands and the Turks and Caicos Islands in Montserrat to formulate a common position on the British review of policy and management of the Caribbean dependent Territories. 5/ The review is outlined below.

D. Position of the administering Power

17. The information set out below was provided to the Secretariat by the United Kingdom:

"THE CARIBBEAN DEPENDENT TERRITORIES:
REVIEW OF POLICY AND MANAGEMENT 1991/2

"1. In late 1991 FCO Ministers directed that a review should be conducted of policy towards and management of the Caribbean Dependent Territories (DTs). The review which was completed earlier this year, noted that:-

(i) the present constitutional relationship, and the respective responsibilities of Britain and the governments of the territories, were not likely to change fundamentally in the foreseeable future;

(ii) the need to continue helping the Caribbean DTs to develop economically;

(iii) that sound private investment was essential if the Caribbean DTs were to stand more securely on their own, as the Cayman Islands (and Bermuda) do already;

(iv) that where needed aid and technical co-operation programmes would be maintained;

(v) that the progressive strengthening of good government of the territories was indispensable for economic development and continued economic assistance;

(vi) that they sit astride major drug routes from Latin America;

(vii) that with few natural resources, their future economic development depended heavily on offshore finance and tourism, but both activities offered opportunities for drugs traffickers, money-launderers, and other white collar crime which could threaten the fabric of society and erode the achievements that have been made in promoting economic growth, and that violent crime was also increasing throughout the region. Past scandals in the public administration of some of

the territories had adversely affected their reputation and their ability to attract investment and tourism.

"2. The Foreign and Commonwealth Secretary endorsed these conclusions and asked Mr Lennox-Boyd as Minister responsible for the Caribbean DTs to visit the region to outline these to Governors and elected Ministers, which he did in July.

"3. Within their overall concern to help promote good government and economic development within the DTs, British Ministers have decided that priority must be given to bringing the regulation of offshore financial services into line with internationally-accepted norms. British Ministers have also accepted that existing programmes of support for the police and customs services should be maintained, and possibly increased, and agreed that a substantial new programme of penal reform should be introduced, including the building of new prisons in four of the territories and the provision of specialist UK training and other support.

"4. In addition, urgent consideration will also be given to the need to revise out-dated laws and to improving the standards of the judiciary and court administration. The training of DT Government personnel is another vital element which will receive greater emphasis, as funds permit. Close attention will also be given to the liabilities which DT Governments can incur, and the need for DT Governments to make adequate provision for them. All these activities will require the active support of DT governments and close partnership through Governors, with the British Government.

"5. The review also recommended changes in the present FCO and ODA management structures responsible for the DTs in Whitehall, and in the region, so that dialogue, co-ordination and co-operation can be improved. British Ministers have agreed that these structures should be strengthened by:

(a) Improved Co-ordination in Whitehall. As the FCO Minister responsible for the Caribbean DTs, the Hon Mark Lennox-Boyd MP will chair a Ministerial Board of Management for the Dependent Territories. The Board will bring together

those British Government Departments and agencies which have a part to play in the territories' affairs. Apart from the FCO and the ODA, representatives from the Treasury, Home Office, Department of Trade and Industry, Ministry of Defence, Department of Transport, Department of the Environment and Bank of England will be invited to be represented on a regular basis. Other Departments and agencies will be invited when appropriate. It will thus have the benefit of a wider range of expertise than the FCO and ODA alone can offer. Starting in the Autumn of 1992, the Board will meet quarterly. Governors will be consulted about topics to be brought before the Board, and will act as a channel of communication with elected DT Governments.

(b) Extra Staff in Governors' Offices

Governors will continue to remain the key link between DT Governments and Whitehall. But the review clearly shows that, in today's complex and fast moving circumstances and in particular given the importance of good government they need reinforcement. Accordingly a full-time FCO official will be appointed to assist each Governor. These officials will work directly to the Governor and will not be part of the local DT Government structure. Similar FCO posts already exist in Hong Kong, Gibraltar and the Falkland Islands.

(c) Unified Management of UK Expenditure on Development and Good Government in the DTS. Early in 1993 a Regional Secretariat for the Caribbean DTs, led by a senior FCO official will be set up in Barbados to manage both FCO and ODA funds for the Caribbean DTs. The Head of the Secretariat's task will be to co-ordinate all official funding programmes in the territories and to provide on-the-spot support and advice for Governors and DT Governments, while reporting directly to the Ministerial Board of Management and senior FCO and ODA officials in London. The Secretariat will be exclusively concerned with the Caribbean DTs. It will incorporate those programme management staff from the present British Development Division in the Caribbean (BDDC) based at Bridgetown, who work directly with the territories; the Regional Financial Services

Adviser and the shortly to be appointed Regional Penal Reform Programme Co-ordinator. While separate from the BDDC, the Secretariat will have access to the expertise of BDDC professional staff with a wider regional remit, and will liaise closely with the British High Commission at Bridgetown to ensure that the DTs are kept in close touch with relevant regional trends.

"6. The new management arrangements will provide more capacity, will strengthen the links between Governors and elected governments and Ministers in Whitehall, and thus ensure that DT business is given adequate and timely attention.

"7. But British Ministers believe that more is necessary, notably that HMG and the elected governments of the territories should work more closely together in a spirit of partnership and common enterprise for their mutual benefit. Day-to-day consultation will remain the responsibility of the Governors. But, as the cornerstone of the new partnership approach they are seeking, British Ministers propose to introduce new jointly-agreed Country Policy Plans for each aid-receiving DT. DT Governments will have an important say in drawing up these plans in discussion with Governors and the Regional DT Secretariat. It is envisaged that they would identify together agreed priorities for development and improvements needed in the governance of the territories to which both governments would be committed over a three-year period, to be reviewed annually.

"8. The essence of these plans is that they should be agreed documents. Once agreement has been reached, British Ministers propose that each Plan should be signed by the Governor, an elected representative of the DT Government concerned and the Head of the Secretariat. The Plan would then be published so that it would represent a public commitment by both the British and the elected DT Governments to the future development and good government of the territory. Besides giving a new focus to the joint efforts of the British and DT Governments, this commitment would be intended to show both the population of the territory, and those who wish to

invest in or do business with it, that the governments are working together towards commonly-agreed goals from which they may derive confidence and benefit.

West Indian & Atlantic Department
Foreign & Commonwealth Office
August 1992"

E. Action taken by the General Assembly

18. On 25 November 1992, the General Assembly adopted resolution 47/27, a consolidated resolution on 10 Non-Self-Governing Territories, including Montserrat. In part A of the resolution, the Assembly, inter alia, reaffirmed that it was ultimately for the people of those Territories themselves to determine freely their future political status in accordance with the relevant provisions of the Charter of the United Nations, the Declaration on the Granting of Independence to Colonial Countries and Peoples and the relevant resolutions of the Assembly. In that connection, the Assembly called upon the administering Powers, in cooperation with the territorial Governments, to facilitate programmes of political education in the Territories in order to foster an awareness among the people of the possibilities open to them in the exercise of their right to self-determination, in conformity with the legitimate political status options clearly defined in General Assembly resolution 1541 (XV) of 15 December 1960. In Part B VII, pertaining to Montserrat, the Assembly urged the administering Power to continue to intensify and expand its programme of aid in order to accelerate the development of the economic and social infrastructure of the Territory and requested the administering Power to continue to facilitate the assistance of the specialized agencies and other organizations of the United Nations system, as well as regional and multilateral financial institutions, to the Government of Montserrat. The Assembly also urged the administering Power to continue its assistance to the Territory in the prevention of drug trafficking and money laundering.

F. External affairs

19. The Territory continues to be a member of CARICOM and OECS, as well as the institutions associated with both groups, including the University of the West Indies, the Caribbean Development Bank (CDB) and the Eastern Caribbean Central Bank (ECCB). Montserrat is an associate member of the Economic Commission for Latin America and the Caribbean (ECLAC) and its subsidiary bodies. The Territory was represented at the meetings of the Caribbean Group for Cooperation and Economic Development, sponsored by the World Bank.

20. During the period under review, representatives of the Territory, as in previous years, participated in regional and international conferences and programmes organized by Governments, international organizations and multilateral agencies.

21. In June 1992, a member of the Legislative Council and the Public Relations Officer in the Office of the Chief Minister participated in the United Nations Regional Seminar to Review the Special Development Needs of Island Territories, held within the context of the International Decade for the Eradication of Colonialism in Grenada, from 17 to 19 June 1992.

22. The Chief Minister attended the Thirteenth Meeting of the Conference of Heads of Government of the Caribbean Community and the Special Meeting of the Conference of Heads of Government held at Port-of-Spain, Trinidad and Tobago, in July and October 1992, respectively. In November 1992, the Chief Minister

was elected Chairman of the Twenty-first Meeting of Heads of Authority of OECS held in the Territory.

G. Public service

23. There were 755 established public service posts in the Territory in 1992. Provision was made for a further 679 non-established posts. The damage caused by hurricane Hugo in 1989 necessitated an increase in technical assistance personnel, particularly in the areas of physical planning, architecture, medicine and finance.

24. In his 1992 Budget Speech, which was delivered to the Legislative Council on 6 March 1992, the Chief Minister and Minister for Finance and Economic Development asserted the policy of the Government to continue its efforts to train and develop local human resources. He stated that the major aims in 1992 were to improve the efficiency and productivity of the public service through training at all levels, with emphasis on training for development and priority for long-term training awards; and to improve the consultative and advisory machinery within the service. The Chief Minister noted that in 1991, 25 persons on long-term training had returned to the Territory; 34 persons had gone overseas to pursue training from one to four years; and over 40 persons from the public and private sectors had benefited from short-term training programmes and attachments.

25. The Chief Minister informed the Legislative Council that total aid allocations to the Territory had not increased because of the global recession and rising inflation, and that traditional donors had shifted their emphasis from long-term to short-term assistance. He also noted that funding agencies had their own priorities which were not always in line with the priorities of the territorial Government or the aspirations of individual recipients. For the academic year 1991/92, approximately EC$ 1 million were budgeted for long-term training. That amount excluded the cost of replacements.

26. In the same statement, the Chief Minister announced that a long awaited group-health insurance scheme for civil servants would be introduced soon. The Government would pay the full premium for all civil servants. Those who wished to include their dependants would be required to pay the additional premium. He noted that the proposed scheme, which would include a basic health plan, as well as major medical, dental and eye care, would bring about a significant improvement in health care in the Territory.

27. In October 1992, in a press interview, the Chief Minister underscored the importance of training by stating that if the Territory did not train its people, it would always be dependent on foreign expertise. He advocated overseas training as a means by which nationals would broaden their skills and experience. 6/

III. ECONOMIC CONDITIONS 7/

A. General

28. The economy of Montserrat is based mainly on construction, tourism and related financial, distributive and personal services. CDB reported that economic activity in the Territory slowed significantly during the second half of 1992 as a result of the weak performance of the tourist sector and a sharp decline in construction activity. CDB estimated that the real rate of growth of the Gross Domestic Product (GDP) had declined in 1991 from 13.5 per cent, which was reached in 1990 (21.5 per cent in 1989). The decline in activity was associated with the adverse effects of the Persian Gulf crisis at the beginning of 1991, the recession in the United States of America and the completion of post-hurricane reconstruction projects. The inflation rate was 9 per cent in 1991 compared with 7 per cent in 1990.

29. The per capita GDP at current prices in 1990 was US$ 6,133, compared with US$ 5,385 in 1989.

30. According to ECCB, the economy showed some improvement during the first quarter of 1992, mainly as a result of agricultural output which was influenced by favourable weather conditions and a government-sponsored agricultural exhibition.

B. Public finance

31. On 11 March 1992, the Legislative Council approved the budget estimates for the year. Recurrent revenue for 1992 was estimated at EC$ 43.9 million (the revised estimate in 1991 was EC$ 44.39 million). 8/ The main components of local revenue were direct taxation, EC$ 22.1 million (EC$ 24.1 million in 1991); import duties and consumption tax, EC$ 15.9 million (EC$ 14.8 million in 1991); stamp duties and licences, EC$ 2.6 million (EC$ 2.9 million in 1991); and earnings of government departments EC$ 1.6 million (EC$ 1.1 million in 1991). Recurrent expenditure for 1992 was estimated at EC$ 42.4 million (revised expenditure for 1991 was EC$ 41.2 million).

32. In his 1992 Budget Speech, the Chief Minister stated that the difference of approximately EC$ 1.6 million between recurrent revenue and recurrent expenditure would be allocated to capital works to be financed locally (EC$ 777,000) and the remainder to reserves which would be used to meet the local costs of the airport development project.

33. The Development Fund, allocated to capital projects, was estimated for 1992 at EC$ 16.5 million, of which the Territory's contribution would be 7.1 per cent.

34. In the same statement, the Chief Minister informed the Legislative Council that the territorial Government was committed to a Public Sector Investment Programme which would provide the infrastructure required to facilitate growth and development. He stated that the United Kingdom, which remained the largest aid donor, had increased its aid significantly from an annual allocation of EC$ 6.75 million to EC$ 54 million over the period from 1991 to 1994. Another

important donor was the European Community through its European Development Fund, which contributed a grant of EC$ 8.1 million for port development and allocated EC$ 32 million for the construction of a new airport. In its annual report for 1991, CDB reported that a contract would be awarded in 1992 for port development, which was made possible by a loan of US$ 6 million approved in 1990. In its Development Cooperation Report for 1991 for the Eastern Caribbean, which provided information on external aid disbursements from the United Nations and other sources, the United Nations Development Programme (UNDP) reported that CDB had provided US$ 878,000 to Montserrat in 1991 and had planned to allocate a further US$ 1.7 million in 1992. 9/

35. According to the Chief Minister, the Canadian International Development Agency (CIDA) continued to support the development efforts of the Territory and, in 1991, provided over EC$ 1.4 million under its Small Projects Implementation Facility. Another source of bilateral assistance came from the United States Agency for International Development (USAID) which provided assistance in the areas of small development projects and in nursery education.

36. The Chief Minister highlighted the contribution from United Nations sources in the areas of education, women and child development, tourism, water and the environment. He added that the Commonwealth Fund for Technical Cooperation also provided technical assistance in several areas.

C. Agriculture, livestock, fisheries and forestry

37. CDB reported that the Territory's agricultural performance remained strong in 1991. The production of vegetables, meat and poultry continued to expand in response to a strong domestic demand, attractive farm prices and the increased usage of pesticides and fertilizers. While Montserrat was currently self-sufficient in the production of eggs, it imported fruits and vegetables from Puerto Rico, St. Maarten and Dominica.

38. Activity in the fisheries sub-sector remained at a low level in 1991. During the period under review, the territorial Government continued to provide incentives to fishermen, including training in deep-sea fishing and the provision of storage facilities. Safety conditions associated with the small size of the fishing boats, which lack appropriate safety equipment, remained a major concern.

39. As an integral part of the territorial Government's programme to increase the availability of fresh fish throughout the Territory, fishermen are to be exposed to improved fishing techniques, and funds will be provided to fisheries. In order to safeguard against over-fishing, certain restrictions will be imposed within properly demarcated areas of the artificial reefs.

40. In the forestry sub-sector, the territorial Government continued its reafforestation programme following hurricane Hugo in order to protect catchment areas and prevent soil erosion. Deforestation and watershed erosion caused by the hurricane in 1989 had adversely affected the water table levels.

41. In his Budget Speech, the Chief Minister stressed the critical importance of the agricultural sector to the overall growth and development of the

Territory, in particular to the Government's efforts at economic diversification and greater self-sufficiency. In that regard, the Chief Minister outlined a number of initiatives which were to be taken in 1992 to expand the variety and growing season of vegetables, including the introduction of agro-forestry systems that would encourage the productive use of marginal lands and increase agricultural export. In connection with the latter activity, ongoing talks with the Caribbean Agricultural Trading Company continue with a view to exporting fruits and vegetables to the Caribbean, the United Kingdom and the United States.

42. According to the Minister, incentives would also be provided to farmers to increase the production of livestock through improved pasture management and the introduction of new blood lines to achieve increased growth patterns and high productivity. An expected increase in chicken production would reduce imports by 50 per cent and provide approximately 80 per cent of the local demand for eggs.

D. Industry

43. The manufacturing sector consists mainly of small-scale production units, including electronic assembly, textile, furniture, leather and agro-processing plants. CDB reported that the sector contracted during 1991 with the scaling down of operations by the government-owned Montserrat Sea Island Cotton Company owing to a lack of demand for the particular variety of cotton cloth. The local manufacturer of electronic components planned to convert its factory to produce motor vehicle accessory parts (see A/AC.109/1118, paras. 11 and 12).

44. On 11 March 1992, the Chief Minister outlined the territorial Government's policy on industrial promotion and development for 1992, and stated that the Government would continue to pursue foreign investment. He also stated that Montserrat had featured prominently at the Miami Conference on Trade and Investment for the Caribbean in 1991 and that he had been invited to a follow-up promotional presentation to United States investors. He noted that the Territory would make greater use of the Washington-based Eastern Caribbean Investment Promotion Agency (ECIPS), as well as of the OECS High Commission in Canada. The Chief Minister disclosed that in order to attract local private investment, the Territory's Development Unit had been authorized to establish a committee to review the applications for incentives from local entrepreneurs. He noted that the Government currently promoted investment opportunities in the tourist, spring water bottling, agro-processing, light manufacturing and data-processing industries. According to the Chief Minister, sound investment proposals in other areas were encouraged in an attempt to provide employment, as well as enhance export earnings and foreign exchange savings. It was reported earlier that CIDA and USAID had provided assistance to the Territory in the development of small business (see para. 35). In that connection, CIDA had financed the establishment of a multi-purpose agro-processing facility at the industrial estate.

E. Communications and other basic facilities

45. It was previously reported that the United Kingdom had agreed to provide an estimated EC$ 66 million towards the long-term recovery programme of the Territory as of April 1991, and that in December of the same year, the Minister for Communications and Works of Montserrat had outlined the Government's infrastructure programme for the next five years. The programme included the renovation and remodelling of the new Glendon hospital, and the rehabilitation of police stations, schools and government buildings, as well as improvements to the airport, roads and the drainage system (see A/AC.109/1101, paras. 42-44).

46. In March 1992, the Chief Minister stated that the major infrastructure projects for 1992 would include the upgrading of major roads, the completion of coastal protection and drainage works and reconstruction of Government office accommodations, as well as the completion by June 1992 of a major study to determine the necessary improvements to the airport. It was estimated that the cost of improvements to airport facilities would be approximately EC$ 63 million.

47. The new Jetty Project at the Montserrat port was reported to be under way. Financing for the rebuilding of the port, estimated at EC$ 43 million, had been secured from CDB, the European Investment Bank, the European Community and local funds.

48. The Montserrat Electricity Services (MONLEC) continued to recover from the devastating effects of the hurricane. Peak demand for 1991 was 12 per cent below that of 1988 and sales were correspondingly low. Partial relief obtained through a tariff increase in May 1991 proved inadequate, thus necessitating a tariff review for 1992. The Territorial Government assisted the company in securing a conditional loan of US$ 180,000 to carry out a power system development study. This project, which represented the first major review since 1977, would examine alternatives for power generation by MONLEC and outline strategies for satisfying the Territory's electricity needs up to the year 2005. The company was expected to cooperate with private geothermal power developers in exploring a major economical alternative to diesel power generation.

49. With regard to the Territory's water supply, emphasis will continue to be placed on the improvement of existing services. In this connection, the Chief Minister stated, inter alia, that two new reservoirs would be erected which would increase storage capacity by 2,727,600 litres. These two projects would be financed by the British Development Division in the Caribbean at an approximate cost of EC$ 2 million. Other capital projects of the Montserrat Water Authority for 1992 include replacements and installations at pumping stations, the expansion of computer systems within the Authority to manage inventories, engineering designs and waste control; and the development of ground water projects. These projects were estimated at EC$ 3.6 million.

F. Tourism and real estate development

50. According to CDB, total visitor arrivals rose slightly during 1991 as stopover arrivals increased by 1.1 per cent over 1990 levels to an estimated 19,000. The sector continued to be dominated by retiree and villa tourism. The rate of investment by retirees in Montserrat was declining, however, as evidenced by the slump in the real estate market. The United States continued to provide the bulk of total arrivals, estimated at 60 per cent in 1991.

51. The following major developments were reported during the period under review: the Department of Tourism, in association with the Montserrat Aviation Services (MAS) and the Leeward Island Air Transportation (LIAT) agreed to set up a special Montserrat Desk at Antigua's main airport from 1 December 1992 to 31 January 1993 to ensure that passengers and their baggage reached Montserrat the same day of their arrival in Antigua. 10/ Antigua is the Territory's major link to international flights from Europe and North America.

52. A major residential development on Blades Estate, which started earlier in 1992, was reported to be under way in August. Access roads on the first phase of the project, which comprised 46 housing lots, have been prepared and construction on the homes was expected to start in mid-1993. 2/

G. External trade

53. ECCB reported that trade data for the first quarter of 1992, while incomplete, showed that there was a significant decline in imports which fell by 16.3 per cent from EC$ 25.1 million in the first quarter of 1991 to EC$ 21 million in the first quarter of 1992. Imports had risen sharply following the 1989 hurricane. Exports increased from EC$ 700,000 to EC$ 1.3 million between the first quarter of 1991 and the first quarter of 1992.

54. In March 1992, the Chief Minister informed the Legislative Council that the Eastern Caribbean States Exports Development Agency (ECSEDA), which was established in 1990 to develop and enhance the export capabilities of OECS manufacturers, had been instrumental in assisting a number of the Territory's manufacturers. Eleven local companies attended the OECS/Caribbean Expo 1990 held in Antigua. Two companies participated in an OECS trade mission to St. Maarten and St. Thomas. The Territory expected to participate in 11 trade fairs and missions which ECSEDA co-sponsored during 1992.

55. The North American Investment and Trade Mission, which visited the Territory from 4 to 8 August 1992, brought together local entrepreneurs and their counterparts from the United States and Puerto Rico, and was reported to be successful. Two Miami-based firms and a Puerto Rican firm confirmed their intention to engage in banking and the bottling of local spring water respectively. Other investors expressed their interest in joint ventures in poultry farming, light industry and cosmetology. Representatives of CDB and the World Bank who attended the Investment and Trade Mission stated that potential projects could be financed by the special lending facilities which make funds available to the Territory. 11/

56. It was subsequently reported that an OECS trade mission would visit the Territory for the purpose of ascertaining the benefits which could accrue to OECS members, including Montserrat, from trade relations with Puerto Rico and the United States Virgin Islands. 9/

H. Financial institutions

57. Details concerning the review and reorganization of the Territory's financial services sector are contained in the previous working paper (A/AC.109/1101, paras. 54-57).

58. CDB reported that commercial bank loans, as well as the settlement of insurance claims, played an important role in financing economic activity in 1991. Loans and advances increased to EC$ 102.2 million in 1991 compared to EC$ 88.5 million in 1990. The expansion was dominated by loans for house and land purchases, which rose from EC$ 29.6 million to EC$ 36.6 million. Total deposits were EC$ 110.2 million at the end of 1991 compared to EC$ 116.5 million at the end of 1990. Tightening liquidity conditions prompted the commercial banks to increase the prime lending rate.

59. In his 1992 Budget Speech, the Chief Minister stated that 1991 had been a year of consolidation for the offshore financial sector. The process of closing down unacceptable banks was completed and the Territory was left with three commercial banks and 21 offshore banks, all of which were adequately capitalized and were meeting the Territory's statutory compliance requirements. The Chief Minister noted that the new banking ordinances, which were passed by the legislature in December 1991, were finalized and that a manager had been appointed at the Financial Services Centre. He added that the Territory's financial services were being promoted jointly with tourism and other investments.

I. Assistance from the United Nations system of organizations

60. In the 1991 Development Cooperation Report for the Eastern Caribbean prepared by the UNDP office in Barbados, it was noted that all external assistance, including technical assistance, rendered through UNDP was coordinated and monitored by the Territory's Economic Development Unit. It was also noted that the UNDP Resident Representative also served as Resident Coordinator of the operational activities of the United Nations system for development at the country level. This enhanced the capacity of the United Nations system to act in concert on development issues and programmes, particularly those which required a multisectoral approach. 9/

61. According to the report, much of the assistance provided by the United Nations system was channelled through UNDP. In addition, several agencies have included assistance to Montserrat in their regional programmes, including the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA), the Pan American Health Organization-World Health Organization (PAHO-WHO), the International Labour Organisation and the Food and Agriculture Organization of the United Nations. The following is a table of sources and assistance provided to the Territory in 1991 and planned for 1992:

United Nations sources	(in 000 US$) 1991	1992
UNICEF	31	-
UNDP	297	149
United Nations Centre for Human Settlements (Habitat)	45	-
United Nations Volunteers (UNV)	45	-
PAHO/WHO	13	-
Total	431	150

62. On 26 May 1992, the Governing Council of UNDP adopted decision 92/25 by which, inter alia, it approved the Third Country Programme for Montserrat and the Fifth Multi-Island Programme for Countries of the Eastern Caribbean (including Montserrat).

63. On 13 and 20 October 1992, the representatives of FAO, the United Nations Educational, Scientific and Cultural Organization and UNDP participated in the work of the Fourth Committee (A/C.4/47/SR.3 and 5). In his statement before the Fourth Committee, the representative of UNDP stated that according to its estimates, Montserrat was among three Caribbean Territories which were expected to reach net contributor status by the end of the current programming cycle (1992-1996) and would be ineligible for grant technical assistance from UNDP. Further information from UNDP indicated, however, that these Territories would continue to receive other forms of assistance, such as multi-island and regional programmes, as well as from UNDP special programme resources (see A/47/649).

IV. SOCIAL CONDITIONS

A. Labour

64. The total number of persons in the labour force in 1990 was 5,700. No new data were received on the structure of the labour force (for details see A/AC.109/1101, para. 63). In March 1992, the Chief Minister stated that the territorial Government had given priority to the rationalization of its policy on work permits following concern over the apparent increase in unemployment among nationals. In 1991, the Territory had pursued a more liberal policy to meet the demand for construction workers in the public and private sectors. Some 674 work permit applications had been processed by the Labour Department. The Chief Minister noted that a high percentage of the applications had been received for non-skilled jobs, which could be filled by Montserratans. He added that with various public sector projects about to be implemented, there would be increased job opportunities. The Chief Minister outlined an

initiative by the Labour Department to train young people looking for work to prepare them for the local job market. A task force comprising representatives from the public service sector, the Chamber of Commerce and the trade union movement has been established to formulate, plan and administer the programme.

B. Public health

65. The Chief Minister, in his 1992 Budget Speech, stated that the Government was committed to providing a comprehensive health-care system that was accessible and affordable to the people of the Territory. He noted that Phase I of the project to restore and improve the Glendon hospital was started in December 1991 at a cost of EC$ 1.2 million. Phase II, which involved the construction of a temporary hospital to facilitate the rehabilitation of the main hospital at a cost of EC$ 1 million, began in April 1992. Phase III, the actual rebuilding of the new Glendon hospital, was expected to get under way in the latter half of 1992. Phase IV, the rehabilitation of the old hospital into an out-patient complex to house several facilities including a dental clinic, pharmacy, ophthalmology, audiology and other out-patient services, would commence shortly after Phase II was begun.

66. Special efforts were being made to encourage specialists to visit Montserrat on a regular basis. A task force has been set up to look after the interests of the handicapped. Similar task forces were in place for the elderly and for asthma patients.

67. With regard to environmental health, the Government was assisted by PAHO/WHO in providing a comprehensive programme for solid waste collection and disposal. Concurrently, efforts were being made to control effectively mosquitoes and rodents which were reported to be on the increase.

68. Other areas selected by the territorial Government for attention in 1992 as a matter of priority were public education on the dangers of the acquired immune deficiency syndrome and sexually transmitted diseases, and food hygiene. Regular surveys were undertaken to detect the incidence of breast and uterine cancer, hypertension and obesity.

V. EDUCATIONAL CONDITIONS

69. Education in the Territory continued to be compulsory and free for all children between 5 and 16 years of age, and is provided at nursery, primary and secondary levels (for details, see A/AC.109/1101, para. 68). Supplementary information is given below.

70. It was reported in October 1992 that the Government had accepted in principle the proposals outlined in a feasibility study entitled "Restructuring of Post Secondary Education in Montserrat", carried out by the OECS Regional Education Adviser. The purpose of the study was to assess the potential for restructuring the post-secondary educational system and upgrading the Technical College into a community college. The Government has established a broad-based task force to assist the Ministry of Education in the details of planning and implementation of the study.

71. At the request of the territorial Government, the British Development Division in the Caribbean will fund a review of educational performance in Montserrat. The review was scheduled to begin in November 1992. Plans to construct a learning resource centre were reported to be well advanced with funds provided by the European Development Fund. The centre would provide for the training of teachers to improve the quality of the teaching/learning process in the Territory's schools.

72. With effect from January 1993, a unit with responsibility for the organization and development of culture and the arts in Montserrat was to be established in the Ministry of Education, Health and Community Services.

Notes

1/ The information contained in the present paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations on 10 October 1991 for the year 1989/90.

2/ The Montserrat Reporter (Plymouth), 14 August 1992.

3/ Ibid., 23 and 30 October 1992; see also Caribbean Insight, vol. 15, No. 12 (London), December 1992.

4/ Caricom Perspective (Guyana), Nos. 54 and 55, January-June 1992.

5/ The Daily News (United States Virgin Islands), 20 November 1992.

6/ The Montserrat Reporter (Plymouth), 2 October 1992.

7/ Information in this section was extracted primarily from the "Montserrat Estimates of Revenue and Expenditure-1992", as approved by the Legislative Council on 11 March 1992, the Caribbean Development Bank, Annual Report 1991 and other published reports.

8/ The local currency is the East Caribbean dollar (EC$). One United States dollar (US$ 1.00) is equivalent to EC$ 2.70.

9/ Development Cooperation Report 1991 for the Eastern Caribbean, United Nations Development Programme, July 1992.

10/ The Montserrat Reporter (Plymouth), 23 October 1992.

11/ Ibid., 4 September 1992.

UNITED NATIONS

A

General Assembly

Distr.
GENERAL

A/AC.109/1138
4 March 1993

ORIGINAL: ENGLISH

SPECIAL COMMITTEE ON THE SITUATION WITH REGARD TO THE IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND PEOPLES

CAYMAN ISLANDS

Working paper prepared by the Secretariat

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I. GENERAL 1/

1. The Territory of the Cayman Islands consists of three islands: Grand Cayman, Cayman Brac and Little Cayman. The latter two islands are also known as the Lesser Caymans. The Territory has a total area of approximately 260 square kilometres, divided as follows: Grand Cayman, about 195 square kilometres; Cayman Brac, 39 square kilometres; and Little Cayman, 26 square kilometres. George Town, the capital of the Territory, is located on Grand Cayman.

2. According to the results of the census of population and housing conducted in October 1989, the resident population of the Cayman Islands was 25,355, compared with 16,677 in 1979 when the previous census was taken. Some 13,202 persons, or 52 per cent of the residents of the Territory, were Caymanians by birth. 2/ The census showed that 94.2 per cent of the population reside on Grand Cayman; 1,445 people live on Cayman Brac and 33 persons live on Little Cayman. The population of George Town, the capital, is 12,972. 3/ The Cayman Islands Statistics Office estimated the total population of the Cayman Islands at the end of 1991 at 26,800. The birth rate in 1991 was estimated at 18 per 1,000, and the death rate at 4 per 1,000. 4/

II. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution

3. An outline of the constitutional arrangements set out in the Cayman Islands (Constitution) Order, 1972, appears in the report of the Special Committee to the General Assembly at its twenty-eighth session. 5/ In brief, the Constitution provides for a Legislative Assembly consisting of the Governor (appointed by the Queen) who acts as President, three official members and 15 elected members (A/AC.109/1097, paras. 18 and 24). It also provides for an Executive Council consisting of the Governor as President, three official members and four members drawn from the elected members in the Legislature. The three official members of both bodies are the Financial Secretary, the Attorney General and the Administrative Secretary. Matters relating to the civil service, defence, external affairs and security are the responsibility of the Governor. The juridical system is based on English common law. There are two courts, the Summary Court (Lower Court) and the Grand Court.

4. Mr. Michael Edward John Gore was sworn into office as Governor of the Territory on 14 September 1992, replacing Mr. Alan James Scott. 6/

B. Administration

5. Routine government operations are administered by seven portfolios, three of which are headed by the official members of the Executive Council and four by the elected members. The portfolios of the official members are: Finance and Development, headed by the Financial Secretary; Legal Administration, headed by the Attorney General; and Internal and External Affairs, headed by the Administrative Secretary.

6. As a result of a reassignment of responsibilities by the Governor in the wake of the general elections of November 1988, the following departments have been entrusted to elected members: education, recreation and culture; tourism, aviation and trade; health and social services; and communications, works and natural resources. The elected members have responsibility for these portfolios, with the principal secretaries implementing the policies and overseeing the administration of the departments within their portfolios.

C. Constitutional review

7. The report of the Constitutional Commissioners who carried out a review of the Territory's Constitution at the request of the Government is outlined in the previous working paper prepared by the Secretariat (A/AC.109/1097, paras. 9-24).

8. In brief, the report recommends, inter alia, that the procedure for the appointment of the Governor, and the responsibilities of the latter, should remain the same. A Chief Minister should be appointed from elected members of the Legislative Assembly by the Governor, who should also designate a Leader of the Opposition.

9. The number of members of the Legislative Assembly should be increased to 18 members before the next general elections, and the Assembly should be presided over by a Speaker. Finally, the amended Constitution would be brought into force immediately following the general elections.

D. Political parties and elections

10. There are no officially recognized political parties in the Cayman Islands. General elections for the elected seats in the Legislative Assembly are held every four years.

11. In the elections of 18 November 1992, 12 of the 15 seats in the Assembly were won by a group of candidates known as the National Team which opposed the proposed new Constitution as well as excessive government expenditure. 7/ The three other seats were won by independent candidates. 8/

12. The National Team was especially critical of the constitutional clause advocating the designation of a Chief Minister with overall responsibility for government, as opposed to the current form of government (Executive Council) which places collective responsibility on all its members. 7/

13. Voters seemed to put part of the blame for the country's ills on the four members of the Executive Council chosen by the Legislature. As a result, the four lost their seats in the elections. 7/

14. Election officials said that early returns showed that more than 90 per cent of the Territory's 10,193 registered voters had gone to the polls, a record turn out for the islands. 9/

E. External relations

15. The Government of the Cayman Islands cooperates directly with other Governments in the Caribbean and participates in regional conferences and projects for the Caribbean region established by Governments, international organizations and agencies. The Territory is a member of the Caribbean Development Bank (CDB).

16. The Cayman Islands, together with 18 other countries of the region, is a member of a Caribbean customs agreement entitled "The Memorandum of Understanding regarding Mutual Assistance and Cooperation for the Prevention and Repression of Customs Offences in the Caribbean Zone" aimed at preventing drug trafficking, smuggling of funds, money laundering, false invoicing and other crimes. 10/

17. The Cayman Islands is a member of the Caribbean Organization of Supreme Audit Institution (CAROSAI), which provides assistance in streamlining auditing standards and computer audit. In July 1991, the Cayman Islands Auditor General was elected as a member of the Executive Board and appointed as Chairman-elect of CAROSAI for the period 1994-1997. The Territory has been selected as the venue for the third CAROSAI Congress to be held in 1994. 11/

F. Public service

18. In 1991, the public service of the Cayman Islands comprised 1,715 civil servants, of whom 1,046 were Caymanians and 669 were expatriates. All expatriates were employed on contract or on temporary basis. As at the end of 1990, public service employees included 154 from the Caribbean area, 138 from the United Kingdom and 77 from other countries. The Government continued to encourage young Caymanian officers to further their education and obtain the necessary qualifications and experience required to replace expatriate officers.

19. Of the Caymanian civil servants employed in 1991, 659 were in executive and sub-professional grades, 151 in administrative and professional grades and 236 in clerical and technical positions. There were 37 government departments, 23 of which were headed by Caymanians.

20. In March 1992, the Government announced that it had taken steps towards greater localization of the civil service. This was in response to a report by the Public Accounts Committee which had recommended that a detailed plan of action on localization should be prepared, with a timetable for specific goals and targets. 12/

21. The Government said that a substantial amount of research would be required for the preparation of such a plan, together with a major investment to allow the recruitment and training of individuals for the available jobs. Furthermore, it had been impossible to find qualified Caymanians for certain professional posts, such as doctors and marine surveyors, making it necessary to advertise overseas. 12/

22. Of the three official members of both the Executive Council and the Legislative Assembly, two are Caymanians - the Financial Secretary and the Administrative Secretary.

23. All matters related to appointments, transfers, promotions, training, dismissals, retirement and disciplinary control of public officers are supervised by the Public Service Commission which advises the Governor on those questions.

III. ECONOMIC CONDITIONS

A. General

24. The major economic sectors of the Cayman Islands are the financial industry, tourism, construction, the real estate business and local industry. Tourism and international finance contribute significantly to the development of the Territory by providing substantial amounts of capital and foreign exchange.

25. Since the mid-1960s, the development of agriculture has lagged behind the rapidly growing sectors of tourism, international finance and construction; consequently, there is a substantial dependence on food imports. There is a small manufacturing sector, which the Government, in its efforts to diversify the economy, has tried to expand in recent years.

26. Mr. Thomas Jefferson, the unofficial leader of National Team, recommended that the new Government's priorities should be as follows: reduce spending; balance the budget; slow down growth to manageable levels; increase tourism, the mainstay of the Territory's economy; debate fully in the Legislature the form of government presided over by a Chief Minister, as proposed in the draft constitution, before endorsing or rejecting the idea; tackle the growing crime and drug problem in the country; and, finally, promote youth and sport activities. 9/

27. When the Executive Council declined to study the above recommendations, Mr. Jefferson resigned his civil service position as the Territory's Secretary of Finance. 7/

28. Mr. Jefferson stated that, with a deficit of some US$ 50 million inherited from the previous Government, he did not see any large-scale projects being approved during the early days of the new Government. 9/

29. He added however, that despite the deficit, the Government would not seek funds from the United Kingdom, stressing that the Cayman Islands had not needed funding from the Foreign and Commonwealth Office for the past 30 years. 9/

30. It was reported in August 1992, 13/ that according to the Cayman Islands Statistics Office, the Territory's 1991 per capita income of US$ 25,300 (or CI$ 21,083) 14/ was the highest in the Caribbean, exceeding even that of the United States of America, Canada and the United Kingdom.

31. The Caribbean Development Bank (CDB) reported that the overall economic growth in 1991 fell from 11.2 per cent in the previous year to 5.3 per cent. 15/ During the same period, the consumer price index rose by 8 per cent. 16/

32. During the period under review, the gross national product was CI$ 558 million. Agriculture was the fastest growing sector of the economy (34 per cent increase over the previous year). Financial services grew by 7 per cent, 13/ imports declined by CI$ 16.8 million to CI$ 222.9 million and exports fell to CI$ 2.5 million. The Territory thus had a negative balance of trade of CI$ 220.4 million. 17/

33. The Cayman Islands recently undertook to revise its 1977 Development Plan. To this end, the Development Plan Review Committee was set up. It started work in August 1992 and expects to submit to the Government its completed work in June 1993. 18/

34. The basic draft elements of the Plan have been divided into four groups: population and housing as well as natural, historical and cultural preservation; infrastructure, community services and facilities; neighbourhood plans, time-critical issues, and implementation programmes; and land use and district plans. 18/

35. In his 1991 budget address to the Legislative Assembly, the Financial Secretary outlined the economic prospects for 1992-1993, stating that the economic prospects for the Territory would depend, for the most part, on the conditions prevailing during that period in the world economy, particularly in the United States.

B. Public finance

36. The government deficit in 1991 amounted to US$ 1.6 million, with total expenditure of US$ 160.7 million and revenue of US$ 159.1 million, which included loans of US$ 17.6 million for capital projects. Civil service salaries accounted for US$ 72.2 million or 45 per cent of total expenditure and 58 per cent of recurrent expenditure. 19/

37. It was the Government's third consecutive annual deficit. According to the Accountant General, total expenditure had been generally balanced by local revenue up to 1989, but increased expenditure on new programmes since 1990 had required loan funding or transfers from reserves to balance the budget. 19/

38. The public debt stood at US$ 21.3 million at the end of 1991, compared with US$ 7.0 million a year earlier. 19/

39. The increasing pressure on public finances had prompted the introduction of a series of institutional arrangements and procedures in 1990 to increase the efficiency and effectiveness of revenue collection and expenditure control. The arrangements, particularly on the expenditure side, were streamlined further during 1991, and the 1992 budget contained taxation measures designed to raise an additional US$ 11 million. 20/

40. New tax measures provide for increases in the following: taxes on alcohol and tobacco products and on imports of diesel fuel; fees for company registration and for applications for planning permission for development projects. No provision for new borrowings was contained in the 1992 budgetary proposals since the Government intends to reduce the net transfer of financial resources to external creditors as part of the strategy to control public expenditure. 20/

41. The unfavourable trends in public finances prompted a review of the functions and services provided by the Government, with the object of identifying those functions which could be privatized. Arrangements are currently in progress to restructure the medical services' delivery system, including providing for medical insurance and establishing a statutory body for the administration of medical services, with a view to making the entire system self-financing. 20/

42. The Government continued its efforts to broaden the country's economic base and to address the issues raised by the need to import labour. An implementation unit to coordinate and carry out the activities designated under the Agricultural Development Plan was established in 1992. During the same year, the report and recommendations of the 1990 manpower demand survey were accepted by the Government, and steps were taken to set up a manpower planning section within the portfolio of Finance in 1992. 20/

43. As part of its effort to develop human resources, the Government announced the formalization of a summer internship training programme directed at Caymanians studying abroad and designed to provide practical working experience for students. The programme will start with the civil service but will subsequently be expanded to include interested private sector firms.

C. Land tenure, agriculture, livestock and fisheries

44. As a result of a cadastral survey, commenced in 1971, all land in the Cayman Islands is registered under a modified system, known as the Torrence system, the basic principle of which is that the land itself, rather than title deeds, is registered. This ensures that land dealings can take place efficiently and simply, although land certificates are often loosely described as "title deeds" to property. A stamp duty of 7.5 per cent is levied on the sale and exchange of land or other real estate. The Land Registry is responsible for the registration of all land transactions; the collection of duty stamps on land transfers, mortgages and other legal documents; and the maintenance of all land records and registry maps.

45. During 1991, the Land Registry processed 1,709 land transactions. The value of land transfers amounted to CI$ 136.3 million in 1991, compared with CI$ 118.9 million in 1990. 21/ As of September 1992, the value of land transfers was CI$ 84.35 million. 22/

46. The Department of Agriculture is responsible for the regulation and development of the agricultural sector. It provides services in agronomy, veterinary medicine and surgery, and sells supplies and equipment to users.

The Government allows the duty-free importation of equipment and other items for agricultural use only. 23/

47. The Farmers' Market operations, run by the Cayman Islands Cooperative Society Ltd., are subsidized by the Government. The subsidy covers staff salaries as well as the majority of operating expenses. Improved accounting and payment procedures are encouraging more farmers to channel their produce through the Farmers' Market. Overall, the quality of produce is high and the prices are competitive with those of imported produce. 24/

48. In 1990, the territorial Government initiated a five-year Agricultural Development Plan aimed at decreasing the dependence of the Cayman Islands on imported food. The Department of Agriculture concentrated its efforts on introducing several varieties of pawpaw, green peppers and other vegetables in the Territory. The Department also undertook to improve the quality of its extension services through the training of its personnel. Those efforts resulted in an increase in the production of beef and vegetables. 24/

49. In September 1992, the Government announced the appointment of an agricultural officer to monitor the implementation of the Agricultural Development Plan. Under the scheme, the officer, a Barbadian agronomist, will also assist the Department of Agriculture in providing technical assistance to farmers. 25/

50. Also under the plan, the Government recently began to provide technical and marketing support services for the development of hydroponics. The Government hopes to develop this soilless agriculture on a wider scale as very high yields can be achieved from a much smaller area than that under field-grown conditions. 26/

51. In a study commissioned by the Government under the aegis of the Agricultural Development Plan Implementation Unit of the Department of Agriculture, 27/ an agricultural statistician consultant calculated that the local agricultural sector consisted of 189 farmers operating a total of 3,710 hectares of farmland.

52. Of the above, 164 farmers operated in Grand Cayman on 3,274 hectares of farmland and the remaining 25 farmers in Cayman Brac on 436 hectares; 93 per cent of the farmers on Grand Cayman owned their farms, 32 per cent of those on Cayman Brac owned theirs.

53. In the area of utilization of farmlands, the report noted that a major portion of the land on Grand Cayman, i.e. 1,582 hectares, was being used as grassland, principally for livestock grazing. This included 869 hectares of "improved pasture", that is, pasture which had been fertilized or worked on to control weeds.

54. On the same island, land with crops totalled 143 hectares; uncultivable land, 421 hectares; and "other lands" (including wasteland, woodland, land covered by buildings or rocky outcrops, etc.) approximately 1,214 hectares. Cayman Brac followed a similar pattern with 336 hectares devoted to grassland and only 4.85 hectares to crops.

55. The survey showed that on Grand Cayman, the most extensively grown crop was citrus, with a total of 38 hectares under cultivation, followed by bananas with 22 hectares, and then plantains and mangoes with a total of 13 hectares each. Yams, pumpkins, sweet potatoes, watermelons and cassava were being cultivated on 9, 7, 4, 4 and 4 hectares of land, respectively.

56. The area of livestock farming consisted mainly of cattle and pigs, with 1,453 head of cattle, 564 pigs and 105 goats on Grand Cayman, and 186 head of cattle in Cayman Brac.

57. Most of the cattle was owned by farmers in the area of Grand Cayman called Savannah, which the consultant identified as both the primary source of beef production on the island and the area which ought to become the focal point of efforts to improve the cattle industry of Cayman Islands. 27/

D. Tourism

58. Tourism continues to be a dominant sector of the economy and a major source of foreign exchange of the Territory.

59. According to the Caribbean Development Bank (CDB), 20/ stopover arrivals in the Cayman Islands during 1991 amounted to 237,351, a decline of 6.2 per cent from the 1990 total. Preliminary data on cruiseship passenger arrivals indicated a rise of 31.3 per cent to 474,747, while total visitor arrivals reached 712,098, an increase of 15.8 per cent over the 1990 arrivals.

60. Stopover arrivals during the first part of the year were adversely affected by passenger concern over the safety of air travel during the Gulf war; the increase in air ticket costs as a result of fuel price increases; and the effects of the recession in the United States on air passenger traffic throughout the year.

61. The number of stopover visitors from the United States declined by 14,627, accounting for 92.5 per cent of the total decrease in stopover visitors. The drop in air arrivals triggered a reduction in staff levels in a number of hotels and contributed to staff and compensation cutbacks. In addition, it led to the introduction of other cost-control measures at Cayman Airways Ltd., the government-owned air carrier. 20/

E. Financial sector

62. The banking and trust industry has expanded considerably since its inception in the Territory in the early 1960s and has transformed the Cayman Islands into one of the world's leading offshore financial centres.

63. The number of registered companies in the Cayman Islands rose to 23,700 in 1991 from 22,260 in 1990. Reflecting the importance of offshore activity, the greater part of the increase (64 per cent) took place in the "Exempt" category (companies incorporated in the Cayman Islands but carrying on business with non-residents), with domestic companies doing business locally making up the bulk (34 per cent) of the remainder. The number of registered banks and trust

companies fell to 544 as a result of the decrease from 34 to 32 in the number of institutions licensed to do business with residents. On the other hand, the number of licensed offshore insurance companies rose to 365 from 359 at the end of 1990. The number of offshore institutions remained unchanged at 512. 28/ Total assets of licensed banks at the end of 1991 amounted to more than US$ 450 billion. 13/

F. Transport and communications

64. Transport, communications and other basic facilities continued to be of paramount importance to the economy of the Territory in terms of uniting the three islands and servicing the tourist industry and other activities of the business community.

Air

65. The State-owned Cayman Airways Ltd. registered a loss of US$ 4.8 million in the second half of 1991, of which US$ 3 million was an operating loss, and the remainder, the result of the termination of an aircraft lease and the cost of damage to an aircraft. At the end of 1991, the airline's accumulated deficit was US$ 32.7 million. 19/

66. At the instigation of the Government, the Legislative Assembly approved a CI$ 16.8 million recapitalization bill for Cayman Airways Ltd. in July 1992. 29/

67. On 20 August 1991, Air Cayman Ltd., a new airline company, was registered in the Cayman Islands as an ordinary resident company. Air Cayman Ltd. has three leased planes in operation, two Boeing 737-200 and one Boeing 737-300. 28/

68. In February 1991, the Cayman Islands and Cuba inaugurated charter services between the Owen Roberts International Airport and Cayo Largo, a Cuban duty-free resort islands. 30/ In December 1991, United Airlines, a United States airline company, took over Pan American's former Miami-Grand Cayman route. 29/

Sea

69. All ports in the Territory come under the control of the Port Authority, a corporate body set up in 1976 and operating without governmental subsidy. The territorial Government guarantees CDB loans, but it is the Port Authority that repays the loans. In addition to managing all ports in the Islands, the Authority has other functions, including the establishment of markers and lighthouses, the control of berths, the establishment and control of transit sheds, the loading and unloading of vessels and the supervision of territorial waters. 31/

70. The Territory is not served by any scheduled passenger lines but a number of locally owned or locally registered vessels provide cargo service between the Cayman Island and Miami and Tampa, Florida, the United States; as well as the Cayman Island and Kingston, Jamaica, and Costa Rica. 32/

71. In October 1992, the Registration of Merchant Ships Law, 1991, came into force in the Territory. Under the new law, owners of foreign flag ships can apply for registration in the Territory and once registered, can fly the Caymanian flag. The law applies to ships of 1,600 metric tons and over. 33/

Roads

72. The road infrastructure comprises 80 kilometres of roads connecting all districts on Grand Cayman, 34 kilometres of usable roads on Cayman Brac and a road on Little Cayman; roads on Grand Cayman and Little Cayman are fit for motor travel. 34/ In September 1992, in a report to the Legislative Assembly, the Public Accounts Committee (PAC) expressed concern about the maintenance of government roads and buildings. 35/

73. PAC said that the budget provisions for road maintenance were inadequate to maintain roadways at a proper level of serviceability. It noted that maintenance costs of up to CI$ 2 million would be required over the next 5 to 10 years to prevent the roads from deteriorating. 35/

Telecommunications

74. According to press reports, a high technology United States radar station being built in the Cayman Islands will have a range of 265 statute miles, which will enable it to monitor air traffic in the region, among other functions. 36/

75. A spokesman for the United States Air Force is said to have stated that the radar will also provide search and rescue data, air drug-detection surveillance and related law enforcement coordination. The radar station is part of the Caribbean Basin Radar Network (CBRN) currently being built throughout the Caribbean by the United States Department of Defence at a cost of approximately US$ 16 million per site. 36/

76. In May 1992, the Cayman Islands first commercial radio station went on the air. 37/ In September 1992, the Territory's second television station began broadcasting. The network is one of three companies the Government had approved in 1991 to provide free over-the-air (ie., non-cable) television broadcasts as well as cable programmes in the Territory. 38/

G. Assistance from the United Nations system of organizations

77. Within the United Nations system, the United Nations Development Programme (UNDP) continues to be the main source of technical assistance to the Territory. In response to the need for skills to support an expanding service-oriented economy, the second country programme (1987-1991) focused on human resources development. Fellowships and in-service training accounted for some 83 per cent of programme resources. Eight out of 13 implemented projects were agency-executed, involving the Department of Technical Cooperation for Development of the United Nations Secretariat, the United Nations Centre for Human Settlements (Habitat), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the International Civil Aviation Organization (ICAO) in the following: administration of fellowships; provision

of technical advice; and procurement of equipment for civil aviation, broadcasting and the water sector. In the third country programme (1992-1996), UNDP will assist the Government in the areas of fiscal administration, education, agriculture, social services, manpower planning and human resources development, as well as economic planning and management.

IV. SOCIAL CONDITIONS

A. Labour and immigration

Labour

78. The labour force in the Territory is made up of both Caymanians and expatriates from countries in Central America, as well as from Canada, Jamaica, the United Kingdom, the United States and elsewhere. Foreign workers must acquire work permits from the Immigration Department in order to work in the Territory. As of October 1991, the total labour force of the Territory was 16,745. 12/

79. As of June 1992, there were 9,856 gainful occupational licences in effect and the number of dependants accompanying those licence holders totalled 2,237. Of these licences, there were 2,106 short-term non-renewable permits in effect which were issued mainly to nationals from Jamaica and other Central American countries. The geographical composition of the non-Caymanian labour force by origin was as follows: North America, 1,897 persons; Jamaica and Honduras, 2,042; other West Indian and Central American countries, 1,357; United Kingdom and Ireland, 1,164; Canada, 710; and elsewhere, 580. 39/

80. The breakdown of all non-Caymanians employed in the Territory, by occupational group, was as follows: professional, 1,722; skilled, 4,440; semi-skilled and unskilled, 3,694 persons. The breakdown of licence holders by sector of the economy was as follows: services, 2,647; domestic, 328; construction, 1,561; tourist industry, 1,322; finance, 876; education, religion, recreation, culture and sports, 704; and agriculture, 256. 39/

81. In March 1992, a local newspaper quoted the Government's Labour Force Survey of October 1991 as saying that the level of education and training among Caymanians had improved dramatically over the past 30 years. 12/

82. The newspaper said that the percentage of Caymanians with more than primary education was as follows: over 44 years old - 42 per cent; 35-44 years old - 75 per cent; and 25-34 years old - 83 per cent.

83. The survey showed that 65 per cent of working Caymanians had done some kind of occupational training, most frequently on-the-job training. Over a third of expatriates who were members of the labour force had received full-time training at an institute, while only a fifth of Caymanians had done so. Part-time training was more popular among Caymanians.

84. In the field of underemployment, the survey showed that a total of 625 people working part time would like to work full time. Of this number, 385 or 62 per cent were women.

85. The unemployment figure was given as 5.9 per cent, with 990 people out of work. Many of the unemployed were from the construction industry which had experienced difficulties due to the slow-down in the world economy. Of this group, 360 cited disability as their reason for not working.

86. For the employed people who held only one job, the work hours frequently totalled 40 to 44 hours a week, while those who held more than one job tended to work more than 65 hours a week. 12/

Immigration

87. In March 1992, the Cayman Protection Board warned that there would be increased Territory-wide surveillance and enforcement to ensure compliance with immigration requirements in respect of work permits. The Board said that detection of violations may result in the refusal or revoking of work permits, or possible prosecution involving fines and imprisonment. 40/

88. At the same time, the Board appealed to employers to pursue all available options in local recruitment before seeking to apply for, or renew, a permit. In this connection, employers are now required to advertise job vacancies in the local press twice weekly for two weeks before submitting applications for work permits to the Board. 40/

89. Figures released by the Statistics Office in March 1992 4/ showed that the growth rate of the expatriate population, which had reached new heights of 15 per cent in 1987, 18 per cent in 1988 and 18 per cent in 1989, had slowed to an all-time low of 1 per cent in 1990, increasing only slightly in 1991 to 3 per cent.

90. In July 1992, the Legislative Assembly passed a new Immigration Law, following a review of the Caymanian Protection Law by a House Select Committee. The new law abolished the Caymanian Protection Board and introduced in its place the Immigration Board. 41/

B. Public health

91. Health care in the Cayman Islands is provided by the Health Services Department, which is responsible for all government health care, including public health services and services by private practitioners. The Health Practitioners Board is charged with overseeing the standard of health care provided in the Cayman Islands. There are two divisions of public health services: one encompasses community health service, primary care through the district health centres, and functions specified in the health laws, programmes which are supervised by the Medical Officer of Health; the other division covers the environmental health concerns of the Territory. 42/

92. The Government operates the 52-bed (including 7 nursery beds) Cayman Islands Hospital and an 8-bed extended care unit at the Pines Retirement Home on Grand Cayman, and the 10-bed Faith Hospital on Cayman Brac. In addition, primary care is provided through four district health centres on Grand Cayman. There is sustained utilization of district health centres. A new hospital is being built at George Town. 43/

93. The Caribbean Epidemiology Centre based in Trinidad and Tobago conducted a workshop in October 1992 in the Cayman Islands to update public health nurses and paediatricians on the use of vaccines. The elimination of measles in the English-speaking Caribbean in 1995 and the eradication of poliomyelitis in the Americas by the year 2000 were discussed. 44/

94. The Executive Council Member for Health and Social Services stressed that a high proportion of the Territory's population had been immunized against various diseases. He reported a proportion of 95 per cent for diphtheria and polio and over 90 per cent for measles, mumps and rubella. He reaffirmed the Government's commitment to providing the necessary support for the prevention of diseases. 44/

95. As of April 1991, a total of 20 persons in the Cayman Islands tested positive for the human immune deficiency virus (HIV). Ten persons developed acquired immunodeficiency syndrome (AIDS), with eight cases ending in death. In 1991, a confidential AIDS screening programme, free of charge, was launched in the Territory. 45/

96. In October 1992, local doctors attended the first combined Health Services Authority (HSA) and Cleveland Clinic update symposium. The purpose of the event was to keep Cayman's physicians abreast with a broad range of medical subjects. 22/

97. The Executive Council Member for Health and Social Services said that the Government had set up a 15-year health plan based on the recommendations of consultants commissioned in 1989 to develop a health delivery systems plan and a health facilities plan for the island.

98. The recommendations included restructuring of the health services; expansion of in-patient capacity; development of secondary and tertiary care; redefinition of the public health services to focus on disease surveillance; education tracking and reporting; and development of the district clinics into district health centres.

99. Structural reorganization had led to the creation of HSA, the launching of the construction of a new hospital, and the alternative financing of healthcare through the national health insurance scheme.

100. A very important part of the 15-year health plan had been the development of relations with the Cleveland Clinic of Ohio and Florida. Over the past two years, the clinic had provided high quality care to some 150 patients per year. It had also provided monthly visiting specialists, monthly continuing education sessions and staff training. 22/

101. In September 1992, the Cayman Islands participated in the third annual meeting of the Caribbean British Dependent Territories Conference held in the Turks and Caicos Islands. The Conference dealt with technical cooperation, with emphasis on health matters. The main issue was the health of the mother and the child. The Cayman Islands were represented at the Conference by the Executive Council Member for Health and Social Services. 46/

C. Educational conditions

102. Education is free and compulsory for Caymanian children between 4 years, 9 months and 16 years of age. There are nine government and six church-sponsored primary schools. There are two government high schools, a new middle school and two private secondary schools.

103. The territorial Government continued to place high priority on education and pursued its efforts to upgrade the educational facilities. New facilities provided at the Cayman Islands High School included a new modern home economics block and a new science laboratory. Plans have been drawn up for a science block at the Cayman Islands High School and a technology block at the Cayman Brac High School. Other construction included a new classroom block at Savannah Primary School, and plans have been drawn up for a new infant school to accommodate the growing intake at the John A. Cumber Primary School at West Bay. 47/ In March 1992, the Government unveiled plans for the construction of a new primary school at Red Bay. 48/

104. The Community College of the Cayman Islands is a government-financed, post-secondary and adult education facility, whose board is comprised of government and public representatives. The College caters to over 1,000 students, 20 full-time staff and an almost equal number of part-time staff. 43/ In 1992, the College produced 53 graduates. The work of the College is organized in three departments, namely, business studies, hotel studies and technology.

105. The International College of the Cayman Islands, a private independent institution of higher education, with a campus at Newlands, Grand Cayman, and a campus at Miami, Florida, United States, is accredited as a senior college by the Accrediting Commission of the Association of Independent Colleges and Schools, Washington. The institution offers a Masters of Science degree in management, Bachelor of Science and Associate of Science degrees, and one certificate.

106. The Cayman Islands Law School offers an opportunity to Caymanians to qualify locally in a profession that plays an important role in the islands' modern development. The Attorney-at-Law course, which forms the main part of the law school's curriculum, is of five years' duration, with examinations at the end of each year. In addition, an opportunity to study law is offered through a wide variety of courses, including a two-year diploma course in legal studies intended to enhance career and promotional opportunities for Caymanians.

107. In August 1991, a government-launched educational review was completed. 49/ On the basis of the educational review, the Government prepared a five-year education plan, which was presented in 1991 to the Legislative Assembly, 50/ and subsequently adopted by the Assembly. 51/ In September 1992, the Education Department introduced the Caribbean Examinations Council (CXC) certificates to replace the Cambridge General Certificate of Education (GCE). 52/

D. Crime and crime prevention

108. In October 1992, the Territory's police force issued a special bulletin expressing concern over the increasing number of robberies taking place in the Islands, most of which could be drug-related. The bulletin called on the public to exert caution by implementing crime-prevention measures, and to report drug crimes to the Drug Squad. 53/

109. During the period under review, quantities of drugs and drug-related assets were seized by the Caymanian police force, and a number of arrests were made. 54/ In a related development, Cayman Airways, Ltd. took measures to tighten its security procedures to stop smugglers from using its aircraft to transport drugs into the United States. 55/

110. In October 1992, the Cayman Islands were represented at an asset forfeiture conference held in London for representatives of law enforcement agencies of the United Kingdom, the United States and dependent Territories. The conference included an overview of asset forfeiture law, practice and policy; international asset forfeiture cooperation; the role of law enforcement in asset forfeiture; and financial investigations and prosecutions. 56/

111. The Acting Attorney General of the Territory, who attended the conference, said that as an adjunct of the Mutual Legal Assistance Treaty signed between the Cayman Islands and the United States, the Territory was about to enter an asset-sharing programme with the United States. This would allow the sharing of forfeited drug proceeds confiscated by the United States authorities, resulting from assistance given by the Cayman Islands. 56/ The Territory signed the Treaty with the United States in May 1992, after signing a similar one with the United Kingdom in July 1991.

112. In a letter dated 5 August 1991, a representative of the administering Power replied to a query addressed to him by the Secretary of the Subcommittee on Small Territories, on behalf of the Subcommittee, as follows:

> "The British Government has provided equipment and professional advice to the Royal Cayman Islands Police Force and assists them in links with other police forces in the United Kingdom and other countries. They are members of a regional drugs intelligence system established by the British Government."

Notes

1/ The information contained in the present paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations, on 24 July and 30 December 1991 for the years 1990 and 1991, and on 21 April 1992 for the year 1992.

2/ The Caymanian Compass, 4 July 1990; see also Living in the Cayman Islands (Cayman Islands Government Information Services, 1990), pp. 5 and 6.

Notes (continued)

3/ The Cayman Islands Annual Report, 1989 published by the Government of the Cayman Islands (George Town, Grand Cayman, British West Indies), pp. 155 and 156.

4/ The Caymanian Compass, 6 March 1992.

5/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXIV, annex, sect. B, paras. 5-13.

6/ The Caymanian Compass, 16 September 1992.

7/ Ibid., 20 November 1992.

8/ Caribbean Insight (United Kingdom), December 1992.

9/ Foreign Broadcast Information Services, Daily Report, Latin America, 23 November 1992.

10/ The Caymanian Compass, 16 November 1989.

11/ Ibid., 22 July 1991.

12/ Ibid., 24 March 1992.

13/ Caribbean Update (United States of America), August 1992.

14/ The local currency is the Cayman Islands dollar (CI$). Under the articles of agreement of the International Monetary Fund (IMF), parity of the Cayman Islands dollar to the United States dollar is fixed at CI$ 1.00 = US$ 1.20.

15/ The Caymanian Compass, 25 May 1992.

16/ Ibid., 9 January 1992.

17/ Ibid., 12 February 1992.

18/ Ibid., 20 October 1992.

19/ Caribbean Insight, November 1992.

20/ Caribbean Development Bank, Annual Report, 1991.

21/ The Caymanian Compass, 27 January 1992.

22/ Ibid., 19 October 1992.

23/ The Cayman Islands Annual Report, 1989, p. 58.

24/ Caribbean Development Bank, Annual Report, 1990.

Notes (continued)

25/ The Caymanian Compass, 25 September 1992.

26/ Ibid., 16 January 1992.

27/ Ibid., 10 March 1992.

28/ Ibid., 26 September 1991.

29/ Ibid., 19 December 1991.

30/ Ibid., 25 February 1991.

31/ Ibid., 20 September 1991.

32/ The Cayman Islands Annual Report, 1989, p. 104.

33/ The Caymanian Compass, 6 October 1992.

34/ The Cayman Islands Annual Report, 1989, p. 105.

35/ The Caymanian Compass, 24 September 1992.

36/ The Pacific Daily News, 30 November 1991.

37/ The Caymanian Compass, 27 May 1992.

38/ Ibid., 9 September 1992.

39/ Ibid., 24 June 1992.

40/ Ibid., 26 March 1992.

41/ Ibid., 1 September 1992.

42/ Cayman Islands, Statistical Abstract 1990, p. 41.

43/ The Caymanian Compass, 28 October 1992.

44/ Ibid., 23 October 1992.

45/ Ibid., 8 April 1991.

46/ Ibid., 9 October 1992.

47/ The Cayman Islands Annual Report, 1989, p. 68.

48/ The Caymanian Compass, 27 March 1992.

49/ Ibid., 20 August 1991.

50/ Ibid., 28 June 1991.

Notes (continued)

51/ Ibid., 9 March 1992.

52/ Ibid., 14 September 1992.

53/ Ibid., 16 October 1992.

54/ Ibid., 29 June 1992.

55/ Ibid., 8 October 1992.

56/ Ibid., 29 October 1992.

UNITED NATIONS

A

General Assembly

Distr.
GENERAL

A/AC.109/1139
4 March 1993

ORIGINAL: ENGLISH

SPECIAL COMMITTEE ON THE SITUATION WITH REGARD TO THE IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND PEOPLES

TURKS AND CAICOS ISLANDS

Working paper prepared by the Secretariat

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I. GENERAL 1/

1. The Turks and Caicos Islands lie south-east of the Bahama Islands and about 145 kilometres north of the Dominican Republic. The Territory consists of two groups of islands separated by Turks Island Passage, a deep-water channel approximately 35 kilometres wide. The Turks Islands are situated east of the Passage and the Caicos Islands west of it. The Turks group comprises two inhabited islands, namely, Grand Turk (on which Cockburn Town, the capital, is located) and Salt Cay, as well as eight uninhabited cays and a large number of islets. The principal islands in the Caicos group are North Caicos, South Caicos, Middle (or Grand) Caicos and Providenciales. East Caicos and West Caicos are uninhabited.

2. According to information received from the Office of the Chief Minister of the Territory, the latest census taken in the Territory, on 31 May 1990, registered a population of 11,465, a 54.5 per cent increase from 7,413 tallied in the 1980 census. In mid-1991, the population was estimated at 12,500. 2/

II. CONSTITUTION AND CONSTITUTIONAL DEVELOPMENTS

A. Constitution

3. The 1988 Constitution of the Territory provides for a Governor appointed by the Queen, an Executive Council and a Legislative Council. The new Legislative Council consists of 19 members. There are 13 elected representatives, 3 members appointed by the Governor and 3 ex officio members of the Executive Council. Under the Constitution, the three members appointed by the Governor are chosen as follows: one member on the advice of the Chief Minister, another in consultation with the Leader of the Opposition and a third at his own discretion.

4. The Turks and Caicos Islands Constitution Order, 1988, conferred powers of administration on the Governor that were usually those of the elected Government. According to the Constitution, the Governor may refuse to assent to legislation or bills passed by the Legislature. He may also enforce bills that have not previously been approved by the Legislature.

B. Political parties and elections

5. General elections are held every four years. The general elections of 3 April 1991 were contested by candidates from the two traditional political parties, namely, the Progressive National Party (PNP) and the People's Democratic Movement (PDM). PNP won 8 of the 13 seats in the Legislative Council. PDM won the five remaining seats. 3/

6. On the basis of these returns, the Governor appointed the head of PNP, Mr. Charles Washington Misick, as Chief Minister and four other elected members of the Council as Government Ministers. 4/ The new Government was sworn in on 15 April 1991 during the first session of the Legislative Council. 3/

C. Future status of the Territory

7. During his visit to the Territory on 20 July 1991, an official of the British Government, the Head of the Dependent Territories Section, West Indies and Atlantic Department of the Foreign and Commonwealth Office, stated that his Government would neither encourage nor discourage the people of the Turks and Caicos Islands if they decided to opt for independence and would be totally neutral on the issue. His Government would, however, abide by the constitutionally expressed wish of the people.

8. He added that the question of independence had not been raised during his talks with the Chief Minister, members of his Government, the Leader of the Opposition and representatives of a wide cross-section of the Islands' community; neither had independence been a major issue during the campaign for the general elections. He praised the territorial Government's aim to achieve economic independence 5/ by the year 1996 (see paras. 27 and 28).

9. Following a review of its policy towards and management of its Caribbean dependent Territories, initiated in 1991, the United Kingdom made a significant policy change in 1992 (the policy statement has been reproduced in extenso in A/AC.109/1137, para. 17).

10. The new policy envisages better dialogue, coordination and cooperation between the United Kingdom and the Territories. It also aims at restructuring the management of the Foreign and Commonwealth Office as well as the Overseas Development Agency (ODA), both in the United Kingdom and in the Caribbean.

11. Within this framework, a full-time official from the Foreign and Commonwealth Office will be appointed to assist each Governor. Also, in order to improve coordination in London, a Ministerial Board of Management which is to be chaired by the Foreign and Commonwealth Office Minister responsible for the Caribbean will be established. The Board is intended to bring together those British Government departments and agencies which have a part to play in the affairs of the Territories.

12. A regional secretariat for the Caribbean Dependent Territories, led by a senior Foreign and Commonwealth official, is to be established in Barbados. The secretariat will manage both funds for the Caribbean Territories from ODA and the Foreign and Commonwealth Office.

13. A statement from the Foreign and Commonwealth Office said that in their overall concern to help promote good government and economic development, British ministers had decided that priority must be given to bringing the regulation of offshore financial services into line with internationally accepted norms.

14. The statement further said that urgent consideration would be given to the need to revise outdated laws and to improve the standards of judiciary and court administration.

15. Apart from the Foreign and Commonwealth Office and ODA, representatives from the Treasury, the Home Office, the Department of Trade and Industry, the Ministry of Defence, the Department of Transport, the Department of the

Environment and the Bank of England will be invited to be represented on a regular basis.

16. In November 1992, the Chief Minister of the Turks and Caicos met in Montserrat with his counterparts of Anguilla, the British Virgin Islands and Montserrat, to formulate a common position on the British review of policy and management of the Caribbean dependent Territories outlined above. 6/

17. In his address to the Legislature on 30 March 1992, the Chief Minister said that "We should not seek political independence at this time as others would have us do. In the short term, this would only result in the lowering of standards, bastardization of values, the practice of corruption, the pollution of the system of justice and manipulation of the electorate as has happened in many of our neighbouring Caribbean countries".

D. Public service

18. In his 1992 Budget Speech, the Chief Minister said that over 50 per cent of the Territory's annual budget was related to manpower costs. He added that the budgeted expenditure for the civil service for 1991/92 was US$ 29.2 million, 7/ an increase of 12.6 per cent over the previous year. The Chief Minister further said that it was essential to contain the growth of the civil service in order to ensure the success of the Government's financial policies.

19. The Government was committed to policies which would result in a productive and cost-effective civil service. In order to achieve that goal, every effort had been made to keep the civil service budget to the minimum sum required to operate services effectively and maintain standards.

20. The manpower budget before the House contained provisions for a substantial increase in the number of civil service posts, however, from 820 the previous year to 879 currently. The Chief Minister said that public sector reform did not merely involve cutting jobs, but rather the allocation of resources where they were most required. For example, turning over to the private sector jobs which do not necessarily need to be performed by the Government.

21. Recognizing that there had been no increase in public sector wages and salaries since 1989, the Chief Minister announced that the current budget made provision for an overall increase of 5 per cent in emoluments.

III. ECONOMIC CONDITIONS

A. General

22. The economy of the Turks and Caicos Islands continues to be based primarily on property development, offshore banking, tourism, the export of fish and government expenditure. The Territory also draws considerable external assistance from the United Kingdom, Canada and such international and

regional institutions as the European Development Fund and the Caribbean Development Bank (CDB).

23. In June 1991, the Chief Minister said that although his Government would continue to promote investment and free enterprise in the Territory, developing the Islands to their full potential was not necessarily the only objective; his Government would rather emphasize the qualitative aspects of development. 8/

24. In order to reduce its economic dependence on external assistance, the Government has been expanding both the tourist industry and the Territory's role as an international banking centre.

25. According to CDB, the pace of economic activity accelerated in 1991. 9/ An increase in the number of tourists visiting the Territory and strong growth in the offshore financial services and in the fisheries subsector were credited for the improved economic performance. 2/ These increases in real output had a positive impact on government finances, which recorded a current account surplus of US$ 0.8 million. The construction sector experienced a slow-down in activity, however, particularly in the area of residential housing. 2/

26. The offshore financial services sector continued to demonstrate considerable potential for growth. The British Development Division in the Caribbean took steps to finance a promotional and regulatory project for this sector. The project was designed to focus on strengthening institutions, including the provision of an insurance administrator. 9/

27. The Chief Minister said in June 1991 that the agenda of his ruling PNP, whose motto was "Progress through Partnership", called for the economic independence of the Territory and the phasing out of development aid by 1996. He also said that, in order to initiate the process towards that goal, his party had called for some US$ 11.5 million per year in development assistance from the British Government over the next five years. 8/ The Chief Minister discussed the issue with the British authorities during his visit to London in July 1991. Although both parties agreed on the goal, however, the funds that the British Government was prepared to make available in that context fell short of the Chief Minister's expectations. 10/

28. In a letter dated 17 July 1992, a representative of the administering Power replied to a query in this regard addressed to him by the Secretary of the Subcommittee on Small Territories on behalf of the Subcommittee, as follows:

> "The British Government has agreed to provide nearly £24 million to the Turks and Caicos Islands Government over the three financial years beginning in 1992/93. Of this, £18 million in bilateral funds and £1 million in regional funds will be used in support of projects agreed between the two governments in accordance with the Turks and Caicos Islands Government's 'Progress through Partnership' policy. It is anticipated that a further £4 million will be forthcoming over the same period for activities in support of the basic functions of government. Funds will also be used to clear part of the debt the Turks and Caicos Islands Government inherited during the winding up of the national airline."

B. Public finance

29. According to CDB, the unanticipated slowdown in economic activity in 1990 had an adverse impact on fiscal performance and resulted in an increase in the overall deficit for 1990/91. In an attempt to stabilize the fiscal situation, the budget for 1991/92 focused on restoring a fiscal balance by restraining the growth in services and public sector employment, and improving revenue collection by increasing revenue, fees and various charges. Based on those measures, the Government planned to collect US$ 26.6 million in revenue and to spend US$ 25.9 million to cover recurrent and capital expenses. The Chief Minister said in his budget address that, in fact, government revenue had increased by 17 per cent during 1991/92 and was expected to grow by 12.9 per cent in 1992/93.

30. Customs duties remained the major source of government revenue, projected to generate US$ 13.75 million in 1992/93, or 46 per cent of the total income, while the offshore finance industry would generate US$ 2.5 million, civil aviation almost US$ 2 million, an accommodation tax US$ 1.75 million, work permits US$ 1.25 million and stamp duties US$ 1.25 million.

31. According to the Chief Minister, in order to develop the economy, the administration was actively encouraging private investment, much of which would come from overseas. Over the next three years, private investment of US$ 150 million was expected in tourism projects, support services and infrastructure. By 1993, construction activity would again be at a healthy level.

32. The Chief Minister added that the Government had successfully negotiated a substantial increase in British aid to the islands, totalling US$ 43 million over three years (see para. 29). With aid from other sources and the Government's savings, there would be over US$ 70 million available for public investment over the next three years.

33. The Government had also embarked on setting up an Investment Bank during the 1992/93 fiscal year, to draw in hundreds of millions of dollars in investment during the 1990s from investors world-wide for much needed projects.

34. Over the next three years, the Government's objectives remained: an average real growth rate of 15 per cent per annum; self-sufficiency as regards the national recurrent budget; the build-up of recurrent surpluses sufficient to finance continued development through public sector savings; the achievement of employment opportunities for those who are able and want to work; and general improvement in the standard of living and a better quality of life for all.

35. The Chief Minister acknowledged the difficulties experienced by the construction sector, with the resulting impact on the unemployment figures. He said that he looked forward to stronger overall economic growth, to sustain the Government's "Progress through Partnership" programme designed to make the goal of economic independence a reality.

36. The three key elements of the programme, aimed at providing more opportunities, better jobs and a much improved quality of life for the people

of the Territory, were described by the Chief Minister as partnership with the private sector, a major increase in public sector investment and public sector reform.

37. Defining these three key elements in his speech from the Throne in 1992, the Governor said that the first element, partnership with the private sector, would lead to new investments in the islands, especially in hotels, condominiums, housing, infrastructure and services. The influx of investments would provide more and better jobs for the people of the Territory.

38. The Governor described the main components of the second key element, the public sector investment programme, as being the planned construction of an airport terminal on Providenciales, a mosquito control project on Caicos Islands, an environmental improvement project on Grand Turk and the building of a water and sewerage utility plant on Providenciales. Other components included roads in the Caicos Islands and projects to promote the two main industries of the islands, namely, tourism and offshore finance.

39. The Governor also stated that the government-appointed Chief Secretary would be responsible for the management of the third key element of the "Progress through Partnership" programme, that is, the public sector reform. He said that the aim of that exercise, which was being funded as part of the aid programme from the United Kingdom, was to produce a civil service which was more responsive to the demands of both the public and the Government, and which absorbed less of the Government's revenue.

C. Land tenure, agriculture and livestock

40. The total land area of the Territory is approximately 50,180 hectares. Beach-front properties, amounting to some 2,400 hectares, are owned by private land developers. The Executive Council of the Territory and the Foreign and Commonwealth Office of the United Kingdom adopted a new land policy designed to facilitate the full and gainful participation of the islanders in the development of the country.

41. The agriculture sector is small and limited to subsistence farming for the local market. More than 90 per cent of the food consumed in the Territory is imported from the United States of America, Haiti and the Dominican Republic. Limited farming activities are carried out on North Caicos and Middle Caicos and, to a lesser extent, on Providenciales and Grand Turk.

42. In his Budget Speech, the Chief Minister expressed his conviction that the Turks and Caicos could become self-sufficient in certain food items. He said that the Minister for Natural Resources had taken the initiative to review the agricultural facilities in the Territory. He announced the Government's intention to explore actively with the private sector the establishment of market gardening and farming, first on North Caicos where there was a reasonable supply of underground fresh water. This would supply the tourist industry with some of its food requirements and provide jobs.

43. The Government was also seeking to assist cattle owners in relocating their cattle and in organizing a proper husbandry industry, with the hope of supplying the local market with meat products.

D. Fisheries

44. Fishing is one of the most important primary economic activities in the Territory. Its main commodities are lobster and conch. This industry provides all of the Territory's exports and is an important source of employment.

45. The Chief Minister said that the fishing industry employed 7.5 per cent of the private sector workforce, and contributed a similar amount to the gross domestic product of the islands. The lobster resource on the Caicos Bank had the potential for an annual harvesting of 350 tons.

46. According to CDB, there were indications that the output of conch and lobster, which had declined steadily since 1985, increased in 1991. Sustained improvement could be constrained, however, by overfishing and the decline in the number of fishermen, owing to the fact that the relatively high wages offered in the tourist and construction sectors have led to a drift of labour away from other sectors in the economy, such as fisheries. 2/

47. The long-term priority of the Government will be to strengthen the Fisheries Department. Its aim is to turn the Department, from the enforcement and revenue collection agency that it is at present, into an authority which would have the competence to monitor, support and regulate the fisheries industry. The Government has begun that process by identifying and arranging to train staff with skills in research and management. Two fisheries officers and one clerk have been added to the Department.

E. Tourism

48. Tourism continued to be the main source of revenue for the Territory. As such, the Government accords high priority to the carefully planned development of this sector.

49. According to CDB, 2/ tourist activity accelerated in 1991. Total arrivals increased by 13.3 per cent in 1991 from 48,756 in 1990 to 55,248 in 1991. There was a marginal increase of 0.9 per cent in arrivals from the United States, reflecting primarily the adverse impact of the Persian Gulf War and the downturn in the United States economy. In contrast, the increase in arrivals from Canada, Europe and the Caribbean ranged from 42 per cent to 48 per cent. In 1991, tourism contributed some 60 per cent to the national recurrent revenue.

50. The substantial increase in Canadian and European arrivals in 1991 was related to increased promotional activity and an improved marketing strategy. The United States market accounted for 65 per cent of total arrivals, and thus could affect the overall tourism performance noticeably. Tourism growth continued to be centred around Providenciales, with total arrivals increasing

by 19.4 per cent on that island as compared with a decline of 17.6 per cent and 12.9 per cent on Grand Turk and South Caicos, respectively. 2/

51. In 1991, the closure of a major airline worsened the problem of airline access from the United States. Increased flights by Cayman Airways and a United States charter provided a temporary solution to the problem. According to CDB, however, efforts must be made to encourage a major United States carrier to schedule a new service in order to increase substantially the number of tourist arrivals, particularly since the problem of airline access to the Territory had led to the diversion of visitors to other destinations in the Caribbean. 2/

52. Private sector interest in tourism is currently focused almost exclusively on Providenciales, although the Government was hoping to stimulate increased interest in the other islands over the medium term. This would require a substantial investment to upgrade and expand infrastructure and, at the same time, address a number of environmental concerns, including the question of domestic animals running loose on Grand Turk, causing damage to the environment. 9/

53. The Chief Minister said in his Budget Speech that the Government had received US$ 800,000 from the United Kingdom for the promotion of tourism over the next two years. In addition, in an effort to create greater awareness of tourism and its benefits to the community, the Tourist Board had initiated the following programmes:

(a) "Voices of hospitality", a monthly radio talk show, hosted by the Tourist Board, addressing current tourism issues in the islands;

(b) Tourism speaks, a weekly newspaper column dealing with tourism issues; and

(c) Cactus press, a monthly newsletter produced by the Tourist Board and addressing current happenings in the hospitality/tourist industry.

54. The Chief Minister reasserted the Government's commitment to quality tourism, and mentioned measures, taken or envisaged by the Government, to achieve that goal in the field of human resources management and development.

55. According to the Chief Minister, a greater number of quality hotel rooms was required in the Territory. There were 1,014 rooms, of which less than half could be truly considered quality rooms. The Government had therefore decided to foster the construction of new accommodation, and it was estimated that by 1995 the number of hotel rooms would be just under 3,000.

F. Communications and other basic facilities

56. Communications and other basic facilities are important to the Territory in terms of both maintaining contact between the inhabited islands and servicing the economy of the Territory, which depends on tourism, offshore banking and the activities of the business community.

Roads

57. The total length of roads in the Territory was 547 kilometres at the end of 1989, and their distribution by island was as follows: Grand Turk, 79 kilometres; Salt Cay, 12 kilometres; South Caicos, 45 kilometres; Middle Caicos, 64 kilometres; North Caicos, 130 kilometres; and Providenciales, 137 kilometres.

Sea

58. There are small harbours on Grand Turk and Providenciales, as well as docking facilities on North Caicos, South Caicos and Salt Cay. Middle Caicos has no docking facilities. Most materials required for the physical development of the island, as well as durable and other bulk consumer goods, are imported and delivered by sea. The majority of vessels calling at the ports of the Territory operate from the United States or the Dominican Republic.

Air

59. According to the territorial Government, there are six airstrips on the Turks and Caicos Islands, of which only the one located on Salt Cay remains unpaved, while the airstrip on Middle Caicos is partially paved. Air transport is heavily relied upon for carrying both passengers and goods between the islands. Links with outside countries are provided by major airports on Grand Turk and Providenciales and, to a lesser extent, by a small airport on South Caicos.

60. In March 1992 the Chief Minister said that since Providenciales was the Territory's major tourist destination, the Government had turned its attention with urgency to the development of a proper airport terminal on that island. The Government had been able to secure a sum of US$ 3 million from the United Kingdom and a soft loan of an equal amount from the European Development Bank for the renovation and expansion of the facility.

G. Assistance from organizations of the United Nations system and other international institutions

61. Several United Nations bodies and specialized agencies provide assistance to the Territory. Such assistance is coordinated and carried out within the framework of inter-agency consultations between the United Nations Children's Fund (UNICEF), the United Nations Development Programme (UNDP), the United Nations Population Fund, the International Labour Organisation and the United Nations Educational, Scientific and Cultural Organization (UNESCO). The Territory also receives aid from the Pan American Health Organization (PAHO).

62. Within the United Nations system, UNDP continues to be the main source of technical assistance to the Territory. In its Fourth Programming Cycle, UNDP provided high-level technical support to key sectors of the Territory. This enabled the setting up of various projects, in housing, education and water management, with the assistance of the United Nations Centre for Human Settlements, UNESCO and the Department for Economic and Social Development of

the United Nations Secretariat, respectively. UNDP provided technical advice and support in the development and formulation of national policies, in the improvement of infrastructure, in export promotion, and in human resources development. For the ongoing country programme, and following talks between UNDP and the Government on development priorities, UNDP will, inter alia, provide training to develop administrative management skills and assistance in environmental management. In the latter activity, UNDP will address the issues of water management, sewage disposal and reduction of the impact of the tourist industry on the environment.

63. The Turks and Caicos was admitted as an associate member of the Caribbean Community in July 1991.

IV. SOCIAL CONDITIONS

A. Labour and immigration

64. The Government is the largest employer, with 31 per cent of the active labour force holding government jobs. Agriculture and fisheries account for 18.5 per cent of the labour force, the hotel and restaurant industry employs 15.2 per cent and the construction and installation sector together employ 12.7 per cent. The manufacturing, commerce, transport and communication, insurance and real estate sectors employ, in sum, 13 per cent of the workforce.

65. According to CDB, the growth in tourism and construction on Providenciales continued to stimulate the movement of labour from the other islands. In addition, the increased employment of immigrant workers to meet the strong demand for labour was partly responsible for a sharp increase in population over the past three years. In 1991, the Government announced its intention to formalize the foreign worker scheme in order to institutionalize the present ad hoc arrangements. It anticipated that the expected strong growth in tourism on Providenciales in the medium term would generate further increases in the flows of foreign workers, placing considerable stress on social services. 8/

Immigration

66. The influx of illegal immigrants from neighbouring islands, either for political or economic reasons, is a recurrent problem. In May 1990, the Legislative Council enacted an immigration bill, which provided for new methods of dealing with work permit applications, the establishment of an immigration board, the redesignation of the post of Chief Immigration Officer as Director of Immigration and the introduction of a firm policy on the whole question of immigration.

67. In his 1992 address to the Legislature, the Chief Minister said that in an effort to control illegal immigration, the Government had introduced a system of computerized records to track down illegal immigrants.

B. Public health and environment

68. According to the Chief Minister, a new national health plan was being developed, which would address the issue of the skewed distribution of health care that has existed in the Territory over the years. A health planning and management adviser would be provided by the British Overseas Development Agency (ODA) to assist the Government in restructuring the health sector.

69. The plan would recognize the demographic changes resulting from the location of commercial centres of activities. Within that framework, it would address the inadequacy of health facilities on Providenciales. According to the Minister, steps had already been taken to begin the construction of a well-equipped primary and secondary health care facility on the island in the near future.

70. A medical doctor, who is also a psychiatrist, had been recruited for South Caicos which had been without a physician for a long time.

71. According to the Chief Minister, all health indicators in the islands were good and immunization rates were high. Communicable diseases had been well controlled, except for sexually transmitted infections.

72. The acquired immune deficiency syndrome (AIDS) remained the number one public health problem. The Territory's Medium-term Plan contained strategies for the prevention and control of this disease, to be implemented with financial help from ODA, PAHO, the European Economic Community (EEC) and UNICEF.

73. Since 1991, the Environmental Health Department has made tremendous strides in the monitoring of the quality of drinking water. In order to address the threat of cholera which existed, a project was being drafted for the Five Cays area which was considered a high risk sector. A supply of safe filtered and chlorinated water would be delivered to the community through protected wells equipped with pumps. In addition to the improvement of water quality, the Department's main goals remained the improvement of solid waste management and vector control (mosquitoes), as well as the training of staff.

C. Social and welfare services

74. During the period under review, the Government introduced a National Insurance Fund, to which all civil servants are to contribute, according to the Chief Minister. The Fund would provide assistance to people who are ill, out of work or retired.

75. Also during that period, the Government embarked on a treatment and rehabilitation programme for drug addicts and their families, resulting in the establishment of drug support groups on Grand Turk, South Caicos and Providenciales.

76. During the period under consideration, the Government requested and obtained from the United Kingdom a grant of US$ 1 million to be used in the housing sector. In this regard, the Government approved the construction of

100 affordable homes - 60 for Providenciales and 40 for Grand Turk. The prices of these homes would be below US$ 60,000.

77. In order to increase further the number of affordable houses in the Territory, the Government offered major concessions to the private sector. Further, the Government made plans for an immigrant housing project in the Five Cays area of Providenciales, which it submitted to the EEC for funding.

D. Education

78. There are two main levels in the Turks and Caicos Islands educational system, namely, primary and secondary. Children receive seven years of primary schooling between 4 and 12 years of age. Secondary education at the three public high schools in the Territory lasts for five years. Education is free and compulsory for children up to the age of 15 years. A private commercial college is functioning on Grand Turk.

79. The Chief Minister said in March 1992 that there were 11 primary schools in the Territory with an enrolment of 1,383 students and 72 teachers, 4 high schools with an enrolment of 993 and a staff of 83, for a total of 2,376 students and 155 teachers.

80. Only 40 of the primary school teachers were trained. The Ministry of Education has set a target that within five years all of the teachers at the primary level would be fully trained. At the high school level, 85 per cent of the staff were expatriate contract officers, including three principals. The Government was committed to providing further scholarships for students to obtain university degrees and thereby reduce the ratio of contract teachers in the high schools.

81. The secondary schools continued to offer the Caribbean Examinations Council programme at the general and basic proficiency levels. In addition, students continued to take the national examination administered by the Department of Education.

82. Recently, an additional curriculum, the Pre-Vocational Educational Programme, was offered to a number of students who displayed a greater aptitude for technical vocational subjects. The programme receives recognition from the Royal Society of Arts of the United Kingdom.

83. The School for Field Studies on South Caicos, the first university-level institution, is devoted exclusively to marine environmental studies. Under an agreement concluded between the Government and the Ministry of Education in the Bahamas, qualified students from the Territory can attend the College of the Bahamas on scholarships provided by the Government of the Bahamas.

Notes

1/ The information contained in the present paper has been derived from published reports and from information transmitted to the Secretary-General on 4 April 1990 by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations.

2/ Caribbean Development Bank, Annual Economic Report, 1991 (Turks and Caicos Islands).

3/ Turks and Caicos News, 23 April 1991.

4/ Ibid., 27 April 1991.

5/ Ibid., 29 August 1991.

6/ Daily News (United States Virgin Islands), 20 November 1992.

7/ The local currency is the United States dollar.

8/ Turks and Caicos News, 8 June 1991.

9/ Caribbean Development Bank, Annual Report, 1991 (Barbados).

10/ Turks and Caicos News, 20 July 1991.